

REMARKS

Applicants reply to the final Office Action dated November 24, 2009, within two months. The Examiner rejects all the pending claims. Applicants add dependent claims 44-50. Support for the claim amendments and new claims may be found in the originally-filed specification, claims, and figures. No new matter has been introduced by the claim amendments and new claims. Reconsideration of this application is respectfully requested.

Current Amendments

Applicants assert that the transaction card in Burton is limited to the reward value that is **previously earned** by the participant. In contrast, the presently claimed invention enables the user to use the charge card up to the entire amount of the available credit limit (e.g., \$5000). Not only can the cardmember purchase a higher cost item (higher than the reward value on the day of the purchase), but the **cardmember can also then earn more loyalty points subsequent to completing the purchase** and before the billing statement is due. The cardmember can then use even more points (old points and newly earned points) before the charge card statement is generated, to offset the previously executed charge. **In contrast, even if Burton could pay for part of the item with a charge card, the Burton system limits the participant to pay all or a portion of the value of the item using only the reward point value that exists on the card at the time of the purchase.**

The Examiner asserts that the presently claimed method and the method of Burton “result in the same thing”. (Office Action, page 11). Applicants agree that many transactions may result in a purchase of an item, and Applicants agree that most cash rewards programs achieve the result noted by the Examiner, namely, providing monetary rewards to members. However, **Applicants assert that the method by which the rewards are administered, earned and applied to the amount due in the presently claimed invention, and the method disclosed in Burton, are patentably distinct from one another as discussed above.** As the Examiner notes, Burton discloses a method where “points are . . . credited to the financial account prior to the intended charge actually occurring.” *Id.* This allows the user of an account provided by Burton to make a purchase which depends on the number of points that have been credited. In contrast, the presently claimed method includes **authorizing a charge, independent of the number of points a particular participant has.** Put another way, the presently claimed invention requires that the participant have a line of credit sufficient to cover the amount of the

charge. In contrast, a participant using the Burton method must only have an appropriate number of points credited to the account to cover the associated cost of the transaction. While the result may be similar (i.e. the purchase is made by the participant), as the Examiner notes, the methods of making the purchase in accordance with either system are significantly different.

Further, Applicants assert this significant difference, recited in each of the independent claims, provides that the cardmember can be approved for a much larger amount, far beyond the amount of reward point value. Applicants assert that it is significant that the presently claimed invention includes the cardmember being authorized with sufficient creditworthiness (e.g., up to his credit limit at the time of purchase) when conducting the purchase, the cardmember completing the purchase, **then the cardmember can subsequently earn more points.** The cardmember can then request, via a web interface, that his increased number of loyalty points be used to pay the amount due on the charge statement. In response to using the loyalty points to pay for the previously executed transaction, the payment processor then increases the available credit for the cardmember.

While Burton may allow the participant to use the limited reward cash value to during the purchase transaction, the Burton participant cannot (i) conduct a purchase for an amount greater than the monetary value of loyalty points (up to an available credit limit), (ii) subsequently earn more loyalty points prior to having to pay the charge card bill, and (iii) in real time convert the points and (iv) apply the cash value to a charge card statement (v) using a web interface in order to (vi) offset a previously executed charge and (vii) to increase the available credit limit. If the Examiner maintains the rejections, Applicants respectfully request that the Examiner provide references which disclose the unique combination of the above features.

In particular, Burton does not disclose or contemplate at least “approving, by said computer, said payment authorization request for any of said **full purchase amount up to said available credit** associated with said account code,” or “increasing, by said computer and in real time, said **available credit** based upon said **offset of said previously executed charge,**” (emphasis added) as similarly recited in the pending independent claims, including independent claim 43.

Burton also does not disclose or contemplate at least “increasing a balance of loyalty points associated with said account code to obtain **an increased balance of loyalty points, subsequent to said approving** said payment authorization request, and based upon loyalty

program rules for earning loyalty points;” or “receiving, at said computer and from said participant using said device, a request to **apply** a currency value of at least a portion of said **increased balance of loyalty points** to at least a portion of said full purchase amount,” (emphasis added) as similarly recited in the pending independent claims, including new independent claim 43.

New Matter Rejection

The Examiner objects to the 2/27/09 amendments under 35 USC 132(a) because the Examiner asserts that the amendments include new matter. The Examiner rejects claims 1 and 3-23 and 33-42 under 35 USC 112, first paragraph, as failing to comply with the written description requirement. In particular, the Examiner asserts that the original specification does not discuss the specific subject matter being incorporated. For the sake of expediting prosecution, Applicants amend independent claims 1, 5, 19, 24, 33, 37, and 38 to remove the incorporated material, and add dependent claims 44-50, which variously depend from the amended independent claims and contain the incorporated material. Applicants respectfully disagree and assert that the Examiner’s requirement to further describe the incorporated text would *defeat the main purposes of using incorporation by reference technique*. Moreover, *Applicants assert that no limit on the amount of incorporated material exists*. Further, Applicants assert that neither the MPEP nor the *Zenon* case mention any requirement to explain the specific portion provided, **if applicants did not intend to limit the incorporation to only a specific portion** (i.e., the entire document was intended to be incorporated).

Applicants assert that the MPEP specifically discusses the use of incorporation by reference in order to **avoid** the need to repeat text from the incorporated document. For example, MPEP 2163.07(b) states **“Instead of repeating some information** contained in the another document, an application may attempt to incorporate the content of another document or part thereof **by reference to the document** in the text of the specification” (emphasis added). In other words, Applicants appropriately stated that the system can be integrated with the incorporated by reference systems and methods.

MPEP 608.01(p) and 37 CFR 1.57 allow for essential material to be incorporated by reference. They provide that “[e]ssential material’ may be incorporated by reference, but only by way of an incorporation by reference to a U.S. patent or U.S. patent application publication, which patent or patent application publication does not itself incorporate such essential material by reference.” 37 CFR 1.57. The CFR defines essential material as material that is necessary to:

- (1) Provide a written description of the claimed invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and set forth the best mode contemplated by the inventor of carrying out the invention as required by the first paragraph of 35 U.S.C. 112;
- (2) Describe the claimed invention in terms that particularly point out and distinctly claim the invention as required by the second paragraph of 35 U.S.C. 112; or
- (3) Describe the structure, material, or acts that correspond to a claimed means or step for performing a specified function as required by the sixth paragraph of 35 U.S.C. 112.

The material rejected by the Examiner is incorporated from U.S. Patent No. 7,343,351 and U.S. Patent No. 7,216,091. Applicants acknowledge that the incorporated material is essential material for the new dependent claims. **Applicants further submit that the incorporation is proper and indeed warranted so as to avoid duplication of disclosure.** Further, neither MPEP 608.01(p) nor any other provision of the MPEP requires that Applicants describe where the incorporated subject matter may be found. On the contrary, Applicants assert that no statutory requirement exists to identify specific portions of the incorporated text, if Applicants intend to include all of the text. In that regard, the Examiner has not cited to any statutory requirement for identifying or further explaining the specific portions of the incorporation by reference subject matter. For example, MPEP 2163.07(b) states that the incorporation by reference text is considered the same as if it was repeated in the specification, *without any mention of a requirement to explain the specific portion provided, if applicants did not intend to limit the incorporation to only a specific portion (i.e., the entire document was intended to be incorporated).* 37 CFR 1.57 also states that “essential text” can be incorporated by reference, *without any mention of explaining the specific portion provided* (we are incorporating the text of other patent applications and not NPL). By analogy, MPEP 201.17 states that inadvertently omitted text can be included if it was simply incorporated by reference, so Applicants assert that the text in the previously amended specification should also be able to be included, *even if no explanation of a specific portion was provided.* Nonetheless, while there is no provision that requires explanation, Applicants provided a detailed explanation in the previous 4/28/09 Reply regarding how such incorporated text integrates with the original text to support the current claims.

Applicants also assert that, while the currently pending claims may focus on certain combinations of embodiments, the various embodiments of the invention disclosed by Applicants include various combinations of embodiments from the original text of the specification and all of the incorporation by reference text. In other words, Applicants are not requiring a reader to only focus on certain portions of the incorporated text, because all of the text is part of the various embodiments of the invention. As stated above, no limit exists on the amount of text of the specification, and again, Applicants may only be claiming certain portions of the specification, similar to most claims that are issued by the USPTO.

In the previous 2/27/09 Reply, Applicants submitted significantly amended independent claims and a new independent claim which include claim elements from issued claim 1 of U.S. Patent No. 7,343,351 (U.S. Serial No. 09/652,899) and issued claim 1 of U.S. Patent No. 7,216,091 (U.S. Serial No. 09/241,188). These patents are fully incorporated by reference in the originally filed specification of the instant application. Applicants have confirmed that these issued patents were pending at the time of filing of the instant application and that both patents are still owned by American Express Travel Related Services Company, Inc., who is the assignee of the instant application.

In summary, Applicants assert that Applicants have a right to utilize any portion of any incorporated by reference text to support its claims, so **if the Examiner prefers that Applicants more clearly cite to certain portions of such incorporated text, Applicants would be willing to further amend the specification as such.** Otherwise, Applicants respectfully request that the Examiner fully consider the previous claim amendments and new claims, along with the detailed explanation in the previous 4/28/09 Reply regarding how such incorporated text integrates with the original text to support the currently pending claims. In the 4/28/09 Reply, Applicants located relevant portions of the instant applications and the referenced Patents in order to demonstrate that the incorporation of the claim elements was contemplated by the inventors at the time of the filings of the instant applications, and the overall embodiments were not obvious by one skilled in the art at the time of filing the instant applications.

Previous Rejections under 35 U.S.C. § 103(a)

The Examiner rejects claims 43 under 35 U.S.C. § 103(a) as being unpatentable over Burton et al., U.S. Patent No. 5,025,372, ("Burton") in view of Tedesco et al., U.S. Patent No. 6,898,570, ("Tedesco") in view of McMullin et al., U.S. Patent No. 6,222,914, ("McMullin"),

and in further view of Adams et al., U.S. Patent No. 7,025,674, (“Adams”). Applicants respectfully disagree with the rejections.

Applicants traverse the official notice taken by the Examiner because “the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known.” MPEP 2144.03. **If the Examiner still maintains the previous 103 rejections, Applicants therefore respectfully request that “the examiner provide documentary evidence in the next Office action if the rejection is to be maintained.” *Id.***

Moreover, “the examiner bears the initial burden of **factually supporting** any *prima facie* conclusion of obviousness.” MPEP 2142. “With regard to rejections under 35 U.S.C. 103, the examiner must provide evidence which as a whole shows that the legal determination sought to be proved (i.e., the reference teachings establish a *prima facie* case of obviousness) is more probable than not.” *Id.* Applicants assert that the Examiner has not provided sufficient evidence to provide a *prima facie* case of obviousness. The Examiner acknowledges that part of the rejection is based on “logic and common sense”. Applicants assert that this “logic and common sense” relied upon by the Examiner is impermissible hindsight.

Specifically, Applicants note that the Examiner made several statements regarding “obviousness” without providing references that would support the assertions. For example, in reference to displaying a balance of loyalty points remaining within a section of a billing web page, the Examiner notes that, while Burton does not “fully address the portion of the claim that recites that the balance of loyalty points is displayed in a section of the webpage...the Examiner feels that this is obvious also” (page 9, paragraph 2).

Regarding the above example, Applicants note that it may not be the mere display of a loyalty point balance within a web page that itself is unique, but rather it is the display of a point balance relative to the additional claimed limitations, which disclose how a credit account balance is offset by a redemption of loyalty points (from different merchants) after one or more purchase transactions are facilitated. Applicants respectfully request that the Examiner cite references (instead of “official notice”) that disclose the uniquely combination of steps, as presently claimed.

Burton generally discloses a system for awarding a credit card holder with monetary rewards based on performance. The Burton system enables the card holder to elect to have all or a portion of the monetary awards allocated to a credit card account, which may later be used to facilitate purchases. The card sponsor determines a level of achievement (e.g., employee sales

goals) that the card holder must obtain in order to have a specified monetary reward credited to their credit card account. Burton further discloses that, at regular intervals (e.g., annually, semiannually, quarterly), the system analyzes the card holder performance over the previous period, determines a number of points to be awarded based on the performance level, determines if any bonus points have been earned, and applies the sum value to the card holder's account. At that point, the card holder may use the awarded point value to facilitate a purchase.

Burton does not disclose a conversion ratio. Burton discloses no specific variance considerations that are used to determine a conversion rate. For example, the Burton employer cannot define rules that state conditions effecting a conversion rate. More significantly, conditionally adjusting the conversion rate during a purchase transaction would not be possible under Burton, because the conversion has already occurred on the currency value loaded to the card of the employee.

Tedesco generally discloses a customer acquisition system that enables an "offeror service provider" to acquire new customers by making acquisition offers to customers through the billing statements of other businesses. The customer acquisition system of Tedesco uses predefined criteria to automatically include an acquisition offer on a billing statement or on associated promotional materials. The Tedesco billing statement allows the customer to accept the acquisition offer using the billing statement.

Moreover, Tedesco discloses that an amount owed by a customer may determine whether the customer receives an acquisition offer. Also, the Tedesco system enables acquisition offers to be targeted to customers based on geographic information, such as zip codes, historical data, credit reports, purchase histories, and the like. The Tedesco system allows service providers to target localized markets by using the customer databases of other geographically-oriented service providers, such as, for example, utility companies.

McMullin generally discloses a system for administering incentive award programs. According to the McMullin system, award points may be earned in response to certain actions by participants and credited to the participant's credit card, but only after a predetermined time delay. The participant must still be a customer in good standing with the credit card sponsor at the end of this predetermined delay period in order to receive the awarded points.

The objective of the McMullin system is to create an incentive for the participant to purchase the sponsor's goods and/or services in order to earn award points, and further create an incentive for the participant to remain a loyal customer of the sponsor in order to receive and

redeem the award points at some point in the future. Each award point serves a double function as a reward for using the sponsor's products and/or services and also as an incentive for customer loyalty to the sponsor.

Adams generally discloses a system for awarding promotional points through a game such as, for example, a casino game, a video arcade game, and the like. The game includes a display that displays an ongoing balance of promotional points that are earned based on a player's performance. This provides the player with an incentive to play the game and to continue playing the game to accumulate additional promotional points that may be later exchanges for items offered by participating merchants. Adams further discloses that various promotional items may be displayed on the game display along with a point value for each item to further encourage the player to accumulate an adequate balance of promotional points to exchange for a desired item.

While Burton, Tedesco, McMullin, and Adams each disclose variations on systems for issuing and redeeming loyalty points, and Adams discloses converting a point balance to a cash value, none of the references, alone or in combination, disclose or contemplate receiving a request to redeem the loyalty points in real-time, converting the points to a currency value in real-time, applying the currency value to the account in real-time, offsetting the previously executed charge in real-time, and increasing the associated available credit in real-time, as recited in each of the independent claims. In contrast, the cited references, alone or in combination require that the participant request a reward and then wait to receive it. As those of ordinary skill in the art would appreciate, the presently claimed invention allows the participant to redeem loyalty points and receive the reward immediately, providing an additional flexibility to the participant.

Claims 3-4, 6-18, 20-22, 34-36, 39-42 and 44-50 variously depend from independent claims 1, 5, 19, 24, 33, and 38. Applicants assert that dependent claims 3-4, 6-18, 20-22, 34-36, 39-42 and 44-50 are differentiated from the cited reference for at least the same reasons as set forth above, as well as their own respective features.

Applicants respectfully submit that the pending claims are in condition for allowance. The Commissioner is hereby authorized to charge any fees which may be required, or credit any overpayment, to Deposit Account No. **19-2814**. If an extension of time is necessary, please accept this as a petition therefore. Applicants invite the Office to telephone the undersigned if the Examiner has any questions regarding this Reply or the present application in general.

Respectfully submitted,

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